



PROS & CONS GUIDE

San Francisco Ballot Measures
Election Day: Tuesday, November 8, 2011

PROPOSITION A - SCHOOL BONDS

General Obligation Bonds

Placed on the ballot by the SFUSD

Requires 55% of votes cast for passage

THE QUESTION:

Should San Francisco Unified School District issue bonds in the amount not to exceed \$531,000,000? The funds would be used to meet current accessibility, health, safety and instructional standards.

BACKGROUND:

The San Francisco Unified School District (School District) owns or leases over 160 schools and other facilities. The School District builds, maintains, upgrades and repairs its facilities using money from various sources, primarily from voter-approved bond measures, but also from local parcel taxes and developer fees.

Under State law, before a school district can issue General Obligation Bonds, voters must be provided with a list of school facilities that would benefit from those bond funds. State law also requires school districts issuing those bonds to create an independent citizens' oversight committee and to conduct annual, independent audits. State law prevents school districts from using General Obligation Bond funds for teacher and administrator salaries or operating expenses.

Property tax revenues are used to pay the principal and interest on General Obligation Bonds.

THE PROPOSAL:

Proposition A would authorize the School District to borrow up to \$531 million by issuing General Obligation Bonds. These funds would be used to repair and upgrade more than 50 school facilities to:

- address health and safety risks by fixing damaged items and removing hazardous materials;
- repair and replace major building systems, including electrical, heating, water, sewer, lighting, security, and fire sprinkler systems;
- improve accessibility for people with disabilities;
- repair and build playgrounds and fields;
- make necessary seismic upgrades;
- replace temporary classroom facilities with permanent structures, if determined to be more practical than repairing them;
- replace an existing facility with a new facility, if determined to be more practical than repairing it; and
- perform other work necessary to comply with any applicable codes or regulations.

The School District would set aside up to \$5 million of the funds to create outdoor learning environments and up to \$5 million to implement the use of environmentally sustainable materials and products. It also would set aside

ONLINE ELECTION INFO

www.sfvotes.org

ELECTION DAY IS TUESDAY, NOVEMBER 8

- Polls open from 7 am to 8 pm
- Early voting starts October 10
- October 24 is the last day to register to vote
- For more information, visit the SF Department of Elections at www.sfgov.org/election

TO VOTE IN THE NOVEMBER ELECTION, YOU MUST:

- Be a U.S. citizen and a resident of California
- Be at least 18 years old by the date of the election
- Be registered to vote
- Not be in prison or on parole for a felony conviction
- Not have been judged mentally incompetent to vote by a court
- Federal and State Law now requires that every person who registers or re-registers to vote provide either a California Driver's License (or California ID card) or the last 4 digits of your Social Security number on your registration card.

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up to \$1.5 million for future bond planning and for communication with all groups affected by the projects funded by this bond measure.

The School District would create an independent citizens' oversight committee to report to the public about the use of bond funds. The School District's Board of Education would also conduct annual, independent audits. The School District would not be allowed to use bond funds to pay for teacher and administrator salaries or operating expenses.

Proposition A would allow for an increase in the property tax, if needed, to pay principal and interest on the bonds. This measure requires the approval of 55% of the votes cast.

FISCAL EFFECTS:

The Controller states:

Should the proposed \$531 million in bonds be authorized and sold under current assumptions, the approximate costs would be as follows:

- *In fiscal year 2012-2013, following issuance of the first series of bonds, and the year with the lowest tax rate, the estimated annual costs of debt service would be \$9.1 million and result in a property tax rate of \$0.00669 per \$100 (\$6.69 per \$100,000) of assessed valuation.*
- *In fiscal year 2016-2017, following issuance of the last series of bonds, and the year with the highest tax rate, the estimated annual costs of debt service would be \$46.7 million and result in a property tax rate of \$0.02942 per \$100 (\$29.42 per \$100,000) of assessed valuation.*
- *The best estimate of the average tax rate for these bonds from fiscal year 2012-2013 through 2035-2036 is \$0.02139 per \$100 (\$21.39 per \$100,000) of assessed valuation.*
- *Based on these estimates, the highest estimated annual property tax cost for these bonds for the owner of a home with an assessed value of \$500,000 would be approximately \$145.00*

These estimates are based on projections only, which are not binding upon the City. Projections and estimates may vary due to the timing of bond sales, the amount of bonds sold at each sale, and actual assessed

valuation over the term of repayment of the bonds. Hence, the actual tax rate and the years in which such rates are applicable may vary from those estimated above. The City's current debt management policy is to issue new general obligation bonds only as old ones are retired, keeping the property tax impact from General Obligation Bonds approximately the same over time.

ARGUMENTS IN FAVOR OF PROPOSITION A

- San Francisco schools serve nearly 60,000 students in some of the oldest buildings in California. Many of these buildings desperately need to be modernized to 21st century safety code and accessibility standards.
- This funding would be directed toward seismic upgrades, safe removal of any hazardous substances, improved disabled access, and replacement of worn-out electrical, plumbing, and fire safety systems – as well as upgrading classrooms and science labs to improve student achievement.
- The bond program is overseen by a professional management team and annual audits show that the program is in excellent financial standing.

ARGUMENTS AGAINST PROPOSITION A

- Bonds should be used for major expenses, such as constructing new school buildings, rather than repairs and maintenance projects.
- Past bond funding was directed toward repairing schools that were closed soon after their repairs, signaling that the use of these funds lacks foresight and planning.
- The administrative fees related to issuing the bond – including finance costs, sales commissions, attorney fees, transfer fees and interest – may drive the cost of issuing the bonds to nearly \$1 million.



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PROPOSITION B - ROAD REPAVING AND STREET SAFETY BONDS

General Obligation Bonds

Placed on the ballot by Mayor Edwin Lee

Requires 2/3 of the votes cast for passage

THE QUESTION:

Should the City and County of San Francisco issue \$248,000,000 in General Obligation Bonds subject to independent oversight and regular audits to repair and improve streets and sidewalks and improve transit reliability?

BACKGROUND:

The City is responsible for maintaining about 850 miles of streets and more than 300 street structures, such as bridges, tunnels, and stairways. A City study shows that about half of these streets and many of the structures need major repairs and upgrades.

The City's 10-year Capital Plan identifies road repaving and street safety improvements as a high priority. With approval of the voters, the City may issue General Obligation Bonds to pay for capital projects such as road repaving and street safety. The City uses property tax revenues to pay the principal and interest on General Obligation Bonds.

THE PROPOSAL:

Proposition B is a bond measure which would authorize the City to borrow up to \$248 million by issuing General Obligation Bonds to improve and repair streets, sidewalks, and street structures.

The City could only use this money to:

- repair and repave City streets;
- strengthen and seismically upgrade street structures;
- redesign street corridors by adding or improving pedestrian signals, and lighting, sidewalk extensions, bicycle lanes, and landscaping;
- construct and renovate curb ramps and sidewalks to increase accessibility and safety for everyone; and
- add and upgrade traffic signals to improve Muni service and traffic flow.

The Mayor and the Board of Supervisors would approve the final list of projects.

Proposition B would allow for an increase in the property tax, if needed, to pay for the bonds. It would permit landlords to pass through 50% of any resulting property tax increase to their tenants. Proposition B would require the Citizens' General Obligation Bond Oversight Committee to provide independent oversight of the spending of bond funds. One-tenth of one percent (0.1%) of the bond funds would pay for the committee's audit and oversight functions.

This measure requires approval of two-thirds of the votes cast.

FISCAL EFFECTS:

The Controller states:

Should the proposed \$248 million in bonds be authorized and sold under current assumptions, the approximate costs would be as follows:

- *In fiscal year 2011-2012, following issuance of the first series of bonds, and the year with the lowest tax rate, the estimated annual costs of debt service would be \$3.4 million and result in a property tax rate of \$0.0022 per \$100 (\$2.14 per \$100,000) of assessed valuation.*
- *In fiscal year 2018-2019, following issuance of the last series of bonds, and the year with the highest tax rate, the estimated annual costs of debt service would be \$22.8 million and result in a property tax rate of \$0.0116 per \$100 (\$11.46 per \$100,000) of assessed valuation.*
- *The best estimate of the average tax rate for these bonds from fiscal year 2011-2012 through 2034-2035 is \$0.0076 per \$100 (\$7.46 per \$100,000) of assessed valuation.*
- *Based on these estimates, the highest estimated annual property tax cost for these bonds for the owner of a home with an assessed value of \$500,000 would be approximately \$57.28.*

These estimates are based on projections only, which are not binding upon the City. Projections and estimates may vary due to the timing of bond sales, the amount of bonds sold at each sale, and actual assessed valuation over the term of repayment of the bonds. Hence, the actual tax rate and the years in which such rates are applicable may vary from those estimated

above. The City's current debt management policy is to issue new general obligation bonds only as old ones are retired, keeping the property tax impact from General Obligation Bonds approximately the same over time.

ARGUMENTS IN FAVOR OF PROPOSITION B

- San Francisco streets, sidewalks, and bridges require major renovations which are beyond the typical maintenance that usually qualifies for by state and federal funding.
- Property taxes may not increase as the City only issues new bonds as old ones are paid off.
- Prop B is a critical part of San Francisco's Ten Year Capital Plan to invest in the transportation and safety infrastructure.

ARGUMENTS AGAINST PROPOSITION B

- Only \$148.4 million of these bonds' \$248 million would be used for street paving which is not enough funding to guarantee that every street would be repaired.
- Bonds are expensive with \$2 spent for every \$1 invested. Money from the General Fund should be used to maintain streets, sidewalks and bridges.
- Too much of this bond fund money would be used largely for tree plantings, bike lanes, and redesigning street corners, not for roads.

PROPOSITION C - CITY RETIREMENT AND HEALTH CARE BENEFITS

Charter Amendment

Placed on the ballot by Mayor Edwin Lee and Supervisors: Campos, Chiu, Chu, Cohen, Elsbernd, Farrell, and Wiener

THE QUESTION

Should the City amend its Charter to adjust pension contribution rates for most current and future City employees based on the City's costs; reduce pension benefits for future City employees; limit cost-of-living adjustments to pension benefits; decrease City contributions to retiree health care costs for certain former employees; require all current and future employees to contribute toward their retiree health care costs; change the composition and voting requirements of the Health Service Board; and make other changes to the City's retirement and health benefits systems?

THE BACKGROUND

The City provides defined retirement benefits for most employees. The cost of these benefits is funded through a combination of employee contributions, City contributions and investment earnings from the retirement fund. Most employees pay 7.5% of their compensation into the retirement fund.

Between 2007 and 2009, the Dow Jones Industrial Average declined 40%. This historic decline and subsequent great recession has harmed the City's Budget in two ways. First, it caused the City's tax and fee revenues to be significantly lower than expected. Second, it caused the retirement fund to drop from being fully funded (based on the value of its assets and contributions) to being partially funded.

THE PROPOSAL

This Charter Amendment would change the way the City's current and future employees and elected officials share in funding the Retirement System pension and retiree health benefits.

Employees' contribution rates would fluctuate as the percent of the City's payroll that is contributed to these benefits changes, as follows:

- When the City's contribution rate is between 11%-12% of City payroll, most employees would continue to pay 7.5%.
- When the City contribution rate is over 12% of City payroll, employees making at least \$50,000 would pay an additional amount up to 6% of compensation.
- When the City contribution rate is below 11% of City payroll, employee contributions would decrease proportionately.

Elected officials would be required to pay the same contribution rates as City employees. The City and unions representing City employees who receive retirement benefits from CalPERS would be required to negotiate so that these employees would share costs or receive benefits comparable in value to the adjustments for employees not enrolled in CalPERS.

This proposition would create new retirement plans for individuals hired after January 7, 2012 that would change benefits in the following ways:

- All employees' covered compensation would be limited and their final compensation would be calculated based on a three-year average.
- While the minimum retirement age for safety employees would remain at 50 with 5 years of service, the age for maximum benefits would increase to 58.

- Miscellaneous employees' minimum retirement age would increase to 53 with 20 years of service or 65 with 10 years. For these employees, the minimum age to be eligible for vesting allowances would rise to 53 and the City's contribution to vesting allowances would be cut in half.

Proposition C would also limit cost-of-living adjustments for retirees.

This proposition would also impact City retirees' health benefits in the following ways:

- Employees and elected officials hired on or before January 9, 2009 would contribute up to 1% of compensation toward retiree healthcare with a matching contribution from the City.
- Employees and elected officials who left the City workforce before June 30, 2001 and retire after January 6, 2012, would receive the same level of City contributions toward retiree health benefits as they were when the employee left the City.

The proposition would also change the Health Service System and Health Service Board by:

- Replacing one elected member of the Board with a member nominated by the City Controller and approved by the Board;
- Changing the Board's voting requirement for approving member health plans from two-thirds to a simple majority;
- Removing the requirement for plans to permit the member to choose any licensed medical provider;
- Allowing the Board to spend money on ways to limit healthcare costs.

If both Proposition C and Proposition D ("Retirement Benefits for City Employees") pass, only the one with the higher number of votes would take effect.

FISCAL EFFECTS

The Controller states:

Should the proposed Charter amendment be approved by the voters and implemented, in my opinion, the City's costs to fund employee retirement benefits would be reduced by approximately \$40 to \$50 million in fiscal year (FY) 2012-13. City costs would be reduced by approximately \$1 billion to \$1.3 billion cumulatively over the ten years between FY 2012-13 and FY 2021-22, of which \$85 million is attributable to retiree health benefit savings, and the balance to pension contribution savings. For context, the 10-year City savings from the measure

represent approximately 18% - 20% of the City's projected pension plan contributions expected during that time frame. In the long term, after most City staff are subject to the new pension formulas established by this measure, City savings are projected to be approximately \$100 million annually. These savings projections are estimates; actual savings would depend on the future funding status of the pension fund, the size of the City's workforce, and other demographic trends. Savings estimates are provided in terms of constant FY 2011-12 dollars, and therefore control for potential impacts of inflation on future dollar values.

Approximately 60% of these savings would benefit the City's General Fund, with the balance benefiting enterprise and other special fund departments, including the Municipal Transportation Agency, Public Utilities Commission, Airport and Port. Savings would also accrue to non-City employers that participate in the San Francisco Employees' Retirement System.

Approximately \$575 to \$860 million of the ten-year savings would result from increased contributions by City employees earning over \$24 per hour that would be required on a sliding scale when the pension system is underfunded. These estimates assume ratification of proposed safety employee labor agreement amendments currently pending before the Board of Supervisors. Approximately \$355 million of savings would result from a revision to the cost-of-living increase formula for current and future pension recipients and pension plan changes for new employees hired after January 7, 2012. An additional \$75 million of the savings would result from increased employee contributions to a Retiree Health Care Trust Fund beginning in FY 2016-17 that would offset retiree health insurance subsidy costs. The remaining \$10 million of estimated savings would result from a change to health insurance subsidy formulas for new retirees who ended City employment prior to June 2001 with vested rights to post-retirement health benefits, to reflect formulas in place at the time they separated from the City.

Additional Costs or Savings

Factors that could cause additional costs or savings include: First, to the extent that Retirement System investment returns are outside the range assumed in this analysis, both the required employer contributions and the range of savings provided by this measure would be greater or smaller. Second, projected City savings might be reduced if future labor negotiations or arbitration awards result in any salary increases to offset

higher employee retirement contributions. Third, to the extent that changes to pension formulas in this measure cause employees to delay or speed up retirement dates, this could provide additional City savings or costs related to retiree pensions and health insurance subsidies.

Fourth, to the extent that changes in the composition of the Health Service System Board result in changes to approved health benefit programs, costs could be higher or lower.

ARGUMENTS IN FAVOR OF PROPOSITION C

- Proposition C would provide pension reform through broad consensus.
- Prop C would reform funding of pensions and health care, and generate \$1.3 billion in savings over a 10 year period. Provisions would include raising the retirement age, banning pension spiking, capping benefits, and increasing pension contributions based on income.
- Prop C would stand up to legal challenge, and is fiscally sound and would be effective.
- Prop C would require the City Controller to appoint a financial expert to the Health Service Board.

ARGUMENTS AGAINST PROPOSITION C

- Proposition C would not solve the problem with unfunded pension liabilities.
- Prop C would cause harm to seniors because it removes the cost of living adjustment from the pension benefit.
- Prop C would cause a shift in the Health Service Board balance from labor to City Hall appointees, and it would allow the Board to make major fiscal decisions by a simple majority vote.



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PROPOSITION D - RETIREMENT BENEFITS FOR CITY EMPLOYEES

Charter Amendment

Placed on the ballot by initiative petition

THE QUESTION

Should the City amend its Charter to increase pension contribution rates for most current City employees based on the City's costs; reduce contribution rates and pension benefits for most future City employees; limit cost-of-living adjustments to pension benefits; prohibit the City from paying for any employee's contribution for pension benefits; and make other changes to the City's retirement systems?

THE BACKGROUND

The City provides defined retirement benefits for most employees. The cost of these benefits is funded through a combination of employee contributions, City contributions and investment earnings from the retirement fund. Most employees pay 7.5% of their compensation into the retirement fund.

Between 2007 and 2009, the Dow Jones Industrial Average declined 40%. This historic decline and subsequent great recession has harmed the City's Budget in two ways. First, it caused the City's tax and fee revenues to be significantly lower than expected. Second, it caused the retirement fund to drop from being fully funded (based on the value of its assets and contributions) to being partially funded.

THE PROPOSAL

This Charter Amendment would change the way the City's current and future employees and elected officials share in funding the Retirement System pension benefits.

All employees would pay a minimum contribution rate as a percent of compensation, as follows:

- 6% for most future employees,
- 7.5% for most current employees,
- 8% for future police and firefighters, and
- 10% for current police and firefighters.

Elected officials would be required to pay the same contribution rates as City employees. City employees who receive retirement benefits from CalPERS would not be affected by any changes in this proposal.

Pension benefits for individuals hired after December 31, 2011 would change in the following ways:

- All employees' covered compensation would be limited to base salary and their final compensation would be calculated based on a five-year average.
- The years of service requirement for safety employees would increase to 10 years. While the minimum retirement age would remain at 50, these employees would be eligible to receive their maximum pension at age 57.
- Miscellaneous employees' minimum retirement age would increase to 55 with 20 years of service or 65 with 10 years.
- All employees' maximum annual pension would be limited to the lesser of 75% of final compensation or \$140,000, adjusted for inflation.

The proposition would also:

- Require employees and elected officials making \$50,000 or more to pay an additional amount when the City contribution rate is at least 10% of City payroll, based on the City contribution rate and the employee's compensation level;
- Increase the minimum age for miscellaneous employees to receive a vesting allowance to age 55, and, when applicable, apply the same percent per year of credited service as for the new service pension plan;
- For safety employees who leave City employment before becoming eligible for service retirement, require that the percent per year of credited service for their modified service pension be the same as for the new service pension plan;
- Limit cost-of-living adjustments for retirees;
- Prohibit the City from paying any employees' contribution; and
- Permit the City and unions to negotiate a supplemental retirement plan with defined City and employees contributions, for current and future employees.

If both Proposition C ("City Retirement and Health Care Benefits") and Proposition D pass, only the one with the higher number of votes would take effect.

FISCAL EFFECT

The Controller states:

Should the proposed Charter amendment be approved by the voters and implemented, in my opinion, the City's costs to fund employee retirement bene-

fits would be reduced by approximately \$70 to \$80 million in fiscal year (FY) 2012-13. City costs would be reduced by approximately \$1.3 billion to \$1.7 billion cumulatively over the ten years between FY 2012-13 and FY 2021-22. For context, the 10-year City savings from the measure represent approximately 23% - 26% of the City's projected pension plan contributions expected during that time frame. In the long term, after most City staff are subject to the new pension formulas established by this measure, City savings are projected to be approximately \$100 million annually. These savings projections are estimates; actual savings would depend on the future funding status of the pension fund, the size of the City's workforce, and other demographic trends. Savings estimates are provided in terms of constant FY 2011-12 dollars, and therefore control for potential impacts of inflation on future dollar values.

Approximately 60% of these savings would benefit the City's General Fund, with the balance benefiting enterprise and other special fund departments, including the Municipal Transportation Agency, Public Utilities Commission, Airport and Port. Savings would also accrue to non-City employers that participate in the San Francisco Employees' Retirement System.

Approximately \$875 million to \$1.3 billion of the ten-year savings would result from increased contributions by City employees earning over \$24 per hour that would be required on a sliding scale when the pension system is underfunded. These estimates assume ratification of proposed safety employee labor agreement amendments currently pending before the Board of Supervisors. The remaining \$400 million savings would result from a revision to the cost-of-living increase formula for current and future pension recipients and pension plan changes for new employees hired after January 1, 2012.

In the long term, after most City staff are subject to the new pension formulas established by this measure, and assuming that pension systems return to full funding, savings under this measure are estimated at approximately 4.7% of pensionable payroll, or equivalent to approximately \$100 million annually in Fiscal Year 2011-12 dollars and pensionable payroll.

Additional Costs or Savings

Factors that could cause additional costs or savings include: First, to the extent that Retirement System investment returns are outside the range assumed in

this analysis, both the required employer contributions and the range of savings provided by this measure would be greater or smaller. Second, projected City savings might be reduced if future labor negotiations or arbitration awards result in any salary increases to offset higher employee retirement contributions. Third, to the extent that changes to pension formulas in this measure cause employees to delay or speed up retirement dates, this could provide additional City savings or costs related to retiree pensions and health insurance subsidies.

ARGUMENTS IN FAVOR OF PROPOSITION D

- This proposition would deliver a solution to the City's pension crisis by addressing current imbalances by ending the abuse of pension 'spiking', requiring elected officials to pay toward their pensions and capping pensions.
- Proposition D would not reduce the benefits of employees who have retired or their dependents or the surviving spouses of safety employees who died in the line of duty.
- Prop D would lower the pension benefits of employees hired after January 1, 2012 to more realistic and sustainable levels.
- Last year, a San Francisco Superior Court ruled that the City could change contribution rates of its employees in order to protect the fiscal integrity of the system, which is what Prop D does.

ARGUMENTS AGAINST PROPOSITION D

- Proposition D is not comprehensive reform. Addressing the City's pension problems is only half the battle, especially given San Francisco's \$4 billion unfunded health

care liability. Failure to address health care ensures another fiscal crisis in the years ahead.

- Proposition D would exempt some employees and would unnecessarily target others with severe contribution hikes.
- This proposition would mandate that current City employees pay more into their pension funds and share the burden during difficult economic times, but there is no mirror provision that reduces their contributions in good times.
- The City cannot risk the loss of real reform. Since Props C and D cannot both become law, if Prop D wins more votes but is then determined to violate State law, the City would have no reform of pensions.

PROPOSITION E - AMENDING OR REPEALING LEGISLATIVE INITIATIVE ORDINANCES AND DECLARATIONS OF POLICY

Charter Amendment

Placed on the ballot by Supervisors: Chiu, Chu, Cohen, Elsbernd, Farrell, Kim and Wiener.

THE QUESTION

Should the City amend its Charter to allow the Board of Supervisors and the Mayor to amend or repeal initiative ordinances and declarations of policy that the Board of Supervisors or the Mayor place on the ballot and that the voters approve after January 1, 2012?

THE BACKGROUND

Currently, once voters pass propositions, those propositions may not be changed in any manner by the Board of Supervisors or the Mayor.

EARLY VOTING AT CITY HALL



Did you know that you can vote before Election Day?

October 10 is the First Day for Early Voting at City Hall

Early voting is available 8 am to 5 pm, Monday through Friday, outside Room 48 in City Hall.

There will also be weekend voting on:

Saturday, October 29 and Sunday October 30 and
Saturday, November 5 and Sunday, November 6 from 10am to 4pm

Enter on Grove Street only

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THE PROPOSAL

Proposition E is a Charter Amendment that would apply only to measures placed on the ballot by the Board of Supervisors and the Mayor and not to those measures placed on the ballot by collecting voter signatures. Proposition E would allow the Board and the Mayor to amend or repeal measures that the Board, individual Board members or the Mayor place on the ballot and that the voters approve, under three conditions:

- For three years after the measure takes effect, the Board and Mayor may not amend or repeal the measure;
- After the first three years and until seven years after the measure takes effect, the Board and the Mayor may amend and repeal the measure with a two-third's vote of the Board; and
- After seven years, the Board and Mayor may amend or repeal the measure with a majority vote of the Board.

Unless the measure itself provides otherwise, Proposition E would not allow the Board or the Mayor to amend or repeal any measure approved by the voters prior to January 1, 2012 or any measure placed on the ballot by collecting signatures.

Proposition E does not apply to Charter Amendments or bond measures.

FISCAL EFFECTS:

The Controller states:

Should the proposed Charter Amendment be approved by the voters, in my opinion, it would not in itself affect the cost of government. However, the Amendment would provide the Board of Supervisors with the authority to change future City programs that otherwise would not be changed without voter approval. In general, this authority could reduce costs by allowing the Board of Supervisors to reduce or eliminate programs and requirements.

ARGUMENTS IN FAVOR OF PROPOSITION E

- California is the only State which has not allowed voter adopted legislation to be amended except by another ballot measure. Passing Proposition E would conform to the practices in the rest of the country and allow the Board some flexibility to amend out-dates or unneeded measures without going back to the voters.
- Proposition E reserves the right of voters to amend or repeal Charter Amendments or bond measures and does not affect any measures placed on the ballot by signatures gathered by voters.

ARGUMENTS AGAINST PROPOSITION E

- Proposition E takes away the voters' right to decide whether to change ordinances or declarations of policy passed by the voters.
- Proposition E is a power grab by the Board of Supervisors members who may be heavily influenced by campaign contributions or political viewpoints.

PROPOSITION F - CAMPAIGN CONSULTANT DISCLOSURES

Ordinance

Placed on the ballot by the Board of Supervisors

THE QUESTION:

Should the Campaign Consultant Ordinance be amended to address various campaign consultant issues?

THE BACKGROUND:

Under the City's Campaign Consultant Ordinance, campaign consultants working on local campaigns must register with the City's Ethics Commission (the Commission) and file periodic reports. Campaign consultants must register with the Commission if they earn at least \$1,000 in a calendar year for campaign consulting services. "Campaign consulting services" means participating in campaign management or developing or participating in the development of campaign strategy.

Registered campaign consultants must file quarterly reports with the Commission that disclose their clients, compensation, campaign contributions, gifts they have provided to City officials, and City contracts, and whether they have been appointed to any public office. They must submit reports as paper copies. They also must pay annual fees to the City based on their compensation and number of clients.

Currently, only the voters may amend the Campaign Consultant Ordinance.

THE PROPOSAL:

Proposition F would change the Campaign Consultant Ordinance to:

- allow the City to change any of the Campaign Consultant Ordinance's requirements without further voter approval. The Commission would be required to approve the changes by a four-fifths vote, and the Board of Supervisors would be required to approve the changes by a two-thirds vote. Voters would retain the right to amend the ordinance.

- redefine a “campaign consultant” to mean any individual who earns at least \$5,000 for campaign consulting services within a 12-month period;
- require that campaign consultants file reports monthly instead of quarterly;
- authorize the Commission to require electronic filing of all required information instead of paper reports; and
- amend the ordinance so that fees would be dependent on the number of clients.

FISCAL EFFECT:

The Controller states:

Should the proposed ordinance be approved by the voters, in my opinion, it would have a minimal impact on the cost of government.

ARGUMENTS IN FAVOR OF PROPOSITION F:

- Proposition F would give the public more information regarding campaign consultants’ activities. The additional information would provide transparency regarding conflicts of interest if the campaign consultants have relationships with elected officials.
- Proposition F would recognize the difference between a large campaign and a grassroots political effort. Increasing the reporting threshold to \$5,000 in campaign consulting services revenue from \$1,000 would lower the regulatory burden on grassroots efforts.
- The amendment would bring the Campaign Consultant Ordinance into conformity with the Lobbyist Ordinance and the Public Financing Ordinance in terms of disclosure and how these ordinances are amended and updated.

ARGUMENTS AGAINST PROPOSITION F:

- If Prop F were approved, the Ethics Commission would be permitted to change any Campaign Consultant Ordinance requirements without voter approval.
- The changes to Proposition F would give politicians the right to open new loopholes in the laws that affect their own positions. Voters, not politicians, should set rules on campaign consultants.
- There is concern that the Ethics Commission already is not effective. The Commission has rejected every complaint about contractors contributing to campaigns of officials who approve their contracts, despite the ban on pay-to-play deals.
- The proposed changes would increase the burden on campaigns by requiring more frequent reporting and electronic reporting. The increased regulation would

further discourage grassroots candidates from running for office, because the more regulations, the less appealing it is to conduct a campaign.

PROPOSITION G - SALES TAX

Ordinance

Requires 2/3 of the votes cast for passage

Placed on the ballot by Mayor Edwin Lee and Supervisors Chiu, Cohen, Mirkarimi and Wiener

THE QUESTION:

Should the City increase its local sales tax by 0.50% for up to 10 years to fund public safety programs and programs for children and seniors?

THE BACKGROUND:

Prior to July 1, 2011, San Francisco had a sales tax rate of 9.5%. On July 1, 2011, this rate decreased by 1.0% when the State allowed a portion of its sales tax to expire.

San Francisco now has an 8.5% sales tax with two main parts:

- 7.25% in State taxes, of which the City receives about 1.0%; and
- 1.25% in special district taxes that fund the Bay Area Rapid Transit District (BART), the San Francisco Unified School District, the San Francisco Community College District, and the San Francisco County Transportation Authority.
- State law allows the City to increase its local sales tax up to an additional 0.75%, with voter approval.

THE PROPOSAL:

Proposition G would increase the sales tax rate in San Francisco by 0.50% (one-half of one percent), for a total tax of 9.0%. The City would use half of the funds from the tax increase to pay for public safety programs and the other half for programs for children and seniors. The Board of Supervisors may change this distribution of funds with a two-thirds vote, but it could not use these funds for any other purposes.

If the voters approve Proposition G, the City would start collecting this additional local sales tax on April 1, 2012. The new local sales tax would apply for 10 years unless the State sales tax is changed in the following ways:

- if the State increases its sales tax by 1.0% before November 30, 2011, then the additional 0.50% local sales tax would not go into effect;

- if, before January 1, 2016, the State increases its sales tax by 0.75% or more, then the City would stop collecting the additional 0.50% local sales tax; and
- if, after January 1, 2016, the State increases its sales tax by 0.75% or more, Proposition G would require the Board of Supervisors to hold a public hearing on whether the City should continue to collect the additional 0.50% local sales tax.

FISCAL EFFECTS:

The Controller states:

Should this ordinance be approved, in my opinion, it would result in an annual tax revenue increase to the City of an estimated \$15 million in fiscal year 2011-2012, during which it would be effective for one fiscal quarter. Beginning in fiscal year 2012-2013 the tax rate would be effective for the entire year and the measure would result in an estimated \$60 million in annual tax revenue. Annual sales tax revenues are projected to grow after 2012 subject to economic conditions. The funds would be used for public safety, children's and senior programs.

The measure would amend the City's Business Tax and Regulations Code to increase the local sales tax rate by 0.5% (one half of one percent), to a total rate of 9.0%, as of April 2012, for a period of ten years. In effect, the City tax rate would replace half of the one percent reduction in the State sales tax rate that expired in July 1, 2011. The measure further requires that if the State reinstates a sales tax of 0.75% or more before January 1, 2016, the City would stop collecting this 0.5% amount, and would hold a public hearing on the issue if the State reinstates a sales tax after that date.?

ARGUMENTS IN FAVOR OF PROP G:

- Prop G would allow the City to have local control over the funding of vital city public safety and social services such as community policing, fire and emergency services, police training, in home support services for seniors and health care for working families and seniors.
- Prop G would replace lost funding from the state and help ensure that our seniors get the care they need and that public safety services have adequate funding.

ARGUMENTS AGAINST PROP G:

- A time of high unemployment is not the time to increase taxes and this regressive tax would not alleviate the city's chronic budget problems.
- Increased funds into the city would only increase waste. San Francisco needs to learn to live within its means.

PROPOSITION H - SCHOOL DISTRICT STUDENT ASSIGNMENT

Declaration of Policy

Placed on the ballot by initiative petition

THE QUESTION:

Should it be City policy to encourage the San Francisco Unified School District to change its student assignment system so that it places the highest priority on placing siblings in the same school and then on assigning each student to the school closest to home?

THE BACKGROUND:

The San Francisco Unified School District (School District) has established an assignment system for its students.

Parents may apply for their children to attend any school in the School District. If a school does not have space for all applicants, the School District admits students based on certain priorities.

For elementary schools, the School District considers, in order of priority, whether:

- older siblings attend the same school,
- the student lives in the school's attendance area and attends a School District pre-kindergarten school in the area,
- the student lives in an area of the City where students have the lowest average test scores, and
- the student lives in the school's attendance area.

For middle school assignments, parents may apply for their children to attend any school in the School District. If a school does not have space for all applicants, the School District admits students based on certain priorities.

For the 2012-2013 through 2016-2017 school years, the School District has adopted a policy that considers, in order of priority, whether:

- older siblings attend the same school,
- the student's elementary school is a designated feeder school for the middle school, and
- the student lives in an area of the City where students have the lowest average test scores.

For the 2017-2018 and following school years, the School District has adopted a policy that assigns students from each elementary school to a designated middle school. If parents prefer a different middle school, they may request

one. For such requests, the School District would consider, in order of priority whether:

- older siblings attend the same school, and
- the student lives in an area of the City where students have the lowest average test scores.

For high schools, the School District does not make any initial assignments. Parents may apply for their children to attend any school, and the School District considers, in order of priority, whether:

- older siblings attend the same school, and
- the student lives in an area of the City where students have the lowest average test scores.

Parents may apply for their children to attend schools with language immersion or other special programs. In some cases, the School District imposes additional eligibility requirements for those programs.

The School District is not a City agency and is governed by an independent Board of Education.

THE PROPOSAL:

Proposition H would make it City policy to encourage the School District to ensure that:

- all students have the opportunity to attend a quality neighborhood school;
- after assigning siblings to the same school, the highest priority should be to assign each student to the school closest to home; and

- the School District should provide students with the opportunity to attend schools with language immersion or other special programs, even if those schools are not close to their homes.

ARGUMENTS IN FAVOR OF PROPOSITION H:

- Many parents are unhappy about not being able to send their child to the school nearest their home. Thirty percent of this year's children did not get assigned to their neighborhood school.
- Students are often assigned to schools far from their homes harming a sense of community, resulting in hours spent car pooling or driving long distances adding to our carbon footprint.
- The Metropolitan Transit Authority gave 12,000 free passes to children, at a cost of \$480,000 over 90 days.

ARGUMENTS AGAINST PROPOSITION H:

- Starting this school year, in August of 2011, the District implemented a new plan for student assignments. After three years of public hearings and studies, this plan is designed to address the concerns of the past. This plan should be given a chance to work.
- A consequence of Prop H can be the rapid resegregation of San Francisco schools. Such resegregation would inevitably lead to lawsuits and years of legal battles, costing the district millions in legal fees.
- Siblings continue to have preference to continue in the school of an older sibling.



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